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MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Auditor-Controller

At its meeting held April 29, 2003, the Board took the following action:

100-B

Supervisor Yaroslavsky made the following statement:

"In times of fiscal constraint, the County has a special obligation to examine all of its operations to ensure that it continues to deliver essential services to as many people as need them, and that these services are as good as they can be. Otherwise, the County wastes limited resources, and people are deprived of essential services.

"Of the County's \$16 billion budget, perhaps as much as \$4 billion is spent on contracted services. Many of these contractors deliver critical human services through the Departments of Children and Family Services, Community and Senior Services, Mental Health, Public Social Services and Probation.

"Yet, none of these Departments effectively monitors its contractors to ensure that they consistently provide the services expected of them. This has been brought to our attention several times over the past year through the Auditor-Controller's spot-audits of certain contractors who are not only failing to provide their contracted services but are also defrauding the County. The Auditor-Controller has concluded that these incidents are endemic of a structural challenge in the County: a lack of consistent professional contract monitoring. These findings are detailed in the Auditor-Controller's attached April 24, 2003 report."

(Continued on Page 2)

100-B (Continued)

Therefore, on motion of Supervisor Yaroslavsky, seconded by Supervisor Knabe, unanimously carried, the Auditor-Controller was instructed to:

1. Establish pilot projects to test the merits of centralizing the County's contract monitoring function in the Auditor-Controller's office; and
2. Report back to the Board by May 30, 2003 with details of the pilot projects and resources required to proceed with them.

4042903-100-B

Attachment

Copies distributed:

- Each Supervisor
- Chief Administrative Officer
- County Counsel
- Chief Probation Officer
- Director of Children and Family Services
- Director of Community and Senior Services
- Director of Mental Health
- Director of Public Social Services



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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July 29, 2005

TO: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley *tn*
Auditor-Controller

SUBJECT: CONTRACT MONITORING PROJECT ANNUAL STATUS REPORT

As requested by your Board, this report provides a status of the Auditor-Controller's (A-C) Contract Monitoring Pilot Project (Project) for Fiscal Year (FY) 2004-05.

Background

On April 29, 2003, your Board instructed the A-C to establish a pilot project to test the merits of centralizing the County's contract monitoring function to strengthen the County's ability to monitor its contractors. The pilot project included monitoring a selected number of contractors providing program services within the Department of Public Social Services (DPSS), Department of Community and Senior Services (DCSS), Department of Children and Family Services (DCFS) and the Department of Mental Health (DMH).

In June 2004, we reported to your Board that the pilot project demonstrated that the centralized approach is an effective, efficient manner to accomplish the County contract monitoring function. At the June 21, 2004 meeting, your Board instructed the A-C to continue the pilot project; include the Probation Department in the pilot project; assist social services departments in improving the wording in their contracts to ensure expected program outcomes are clearly stated; initiate a limited pilot project to train department staff and contractors on program outcome performance and measurement concepts; and, in conjunction with the departments participating in the contract monitoring pilot project including the CAO, report back to the Board on the Project's accomplishments and areas for improvement. In addition, the Board instructed the A-C

"To Enrich Lives Through Effective and Caring Service"

to report back on the additional resources that would be needed to expand the pilot project to include the Department of Health Services (DHS).

Results

The following is our report on the Project's accomplishments and future outlook.

Monitoring Activity and Overall Results

During Fiscal Year 2004-05, we completed 51 contract monitoring reviews (Attachment I) of contractors in 12 social service programs (Attachment II). An additional 38 reviews are in progress. The scope of the reviews included evaluating the contractors' compliance with specific program and fiscal contract requirements.

County contractors appear to be making some improvements in their compliance with the County contract requirements. For 11 of the 51 reviews completed, there were no significant findings. For the remaining 40 reviews, common problems included contractors billing for services that were not provided or not maintaining documentation to support billed services.

During the fiscal year, the number of A-C staff assigned to the Project increased from 9 to 21. We hired six program staff that had been assigned to the Project during the prior fiscal year. In addition, we recruited, hired, and trained an additional six program staff. We also recruited and trained two program staff assigned to the Project but they remain DCSS employees.

Customer Service

As requested by your Board, to determine the participating departments' assessment of the Project, in May 2005, we sent a survey to each department participating in the Project (Attachment III) requesting feedback on the Project. The results of the survey indicated that the social service departments support the Project and believe that the Project's efforts have improved the County's overall contract monitoring efforts. The departments also reported that they would like additional training on contract monitoring and assistance in developing performance based contracting.

During the fiscal year, DCFS re-deployed resources to enhance its oversight of children placed in Foster Family Agencies' homes and group homes. As a result, DCFS and A-C management have been working together to clearly define the roles of each department to monitor DCFS contractors to prevent a duplication of effort. This work is also intended to ensure accountability for the effective achievement of the outcomes that DCFS and community-based providers share.

Performance Based Contracting

During the year, the Project team hired Altmayer Consulting, Inc. (Consultant) to develop a model agreement and training materials to assist the social service departments to implement outcome based contracting. The Consultant worked with the Project team, the Department of Mental Health managers, and several Early Periodic Screening, Diagnostic, and Treatment (EPSDT) contractors to develop a model performance based agreement for the EPSDT program that can be used as a model to develop other social service programs.

As noted, the model agreement was developed using a collaborative approach between the County and the EPSDT contractors. The approach included seeking input from several contractors on the expected outcomes and performance standards with suggestions to improve the wording of their contracts to ensure the expected outcome(s) and standards are clearly stated and understood. Measurement statistics and other data that the contractors will be required to maintain to measure their performance were also developed. According to the work plan that DMH prepared in response to the Consultant's efforts, DMH plans to incorporate many of the EPSDT performance measures listed in the model agreement over the next two years.

The Consultant is finalizing the report and plans to issue it by the end of July 2005. In addition, in August 2005, the Consultant plans to conduct a training class to discuss the processes and techniques used to develop performance based contracts. Auditor-Controller staff and staff from the social service departments are scheduled to attend.

We plan to work with County managers in the other social service departments to develop meaningful program outcomes, performance standards, and measures using this collaborative approach.

Expanding Monitoring to the Probation Department

On June 21, 2004, your Board instructed the A-C to expand the Project to include the Probation Department. In August 2004, we met with Probation management to discuss the plans to include Probation in the Pilot Project. At the meeting, Probation management stated that the Department effectively monitors their contractors and therefore did not need to be included in the Pilot Project. We agreed to conduct a review of the Department's monitoring efforts to evaluate its effectiveness. The evaluation included reviewing Probation's contract monitoring processes and conducting monitoring reviews for a selected number of Probation contractors.

In March 2005, we issued a report to the Chief Probation Officer on the results of our evaluation. Generally, Probation was sufficiently monitoring their contractors. We provided the Department with some recommendations to further enhance their contract monitoring efforts. Prior to the end of FY 2004-05, we conducted a follow-up review of Probation's contract monitoring efforts. We found that Probation continues to improve

their contract monitoring efforts. For example, Probation monitors noted instances where contractors were not sufficiently documenting the participants' attendance at group counseling sessions. During our monitoring reviews for a selected number of Probation contractors, similar non-compliance issues were noted.

Probation has not started interviewing program participants to validate the accuracy of the information contained in the participants' case files as recommended in our March 2005 report to the Chief Probation Officer. Probation managers stated that they plan to begin contacting program participants to confirm the provision of services immediately.

We will continue to oversee Probation's contract monitoring and will conduct a follow-up evaluation in January 2006. We will also be working with Probation to train and assist them in implementing performance based contracting to ensure their future contracts have outcomes with appropriate performance measures.

Expanding to Include the Department of Health Services

As previously noted, in June 2004, your Board directed the A-C to identify the additional resources needed to expand the Project to include contracts from the DHS. On June 17, 2005, we reported on our plan to expand the Project to include fiscal monitoring for the Office of AIDS Policy Project (OAPP) contractors (Attachment IV). As indicated on our June 17, 2005 letter, we will begin monitoring OAPP as soon as the Board directs the Auditor-Controller to expand contract monitoring to include DHS.

Future Outlook

During FY 2005-06, we plan to hire an additional nine staff to fill the remainder of the 32 positions that the Board approved in June 2004. As noted above, in FY 2005-2006 we also plan to begin training these departments in enhancing their contracting programs by using performance based contracting. Funding the additional monitoring positions is a new cost to the social service departments. However, it is necessary to ensure accountability for program funds and is only a small percent of total program expenditures. We have been leveraging the benefits of our monitoring efforts by providing technical support to department contract staff and will further expand the impact of our contract monitoring Project by providing leadership in beginning implementing performance based contracting.

There is a growing need for an increased number of fiscal audits to complement the program monitoring program. We will provide your Board with an interim status report in February 2006 on the progress of our monitoring reviews, our efforts in working with DCFS management to coordinate our monitoring efforts, our progress in working with departments on performance based contracting, and if necessary, the additional resources needed to expand the scope of our reviews to include both fiscal and program monitoring. In addition, we will work with the CAO to try to identify sources to fund the additional resources.

If you need additional information, please call me or have your staff call Don Chadwick at (626) 293-1102.

JTM:MMO:DC

- c: David E. Janssen, Chief Administrative Officer
David Sanders, Ph.D., Director, Department of Children and Family Services
Marvin J. Southard, DSW, Director, Department of Mental Health
Bryce Yokomizo, Director, Department of Public Social Services
Dr. Thomas L. Garthwaite, Director, Department of Health Services
Paul Higa, Chief Probation Officer, Probation Department
Cynthia Banks, Interim Director, Department of Community and Senior Services
Violet Varona-Lukens, Executive Officer
Audit Committee
Public Information Office

**CONTRACT MONITORING PILOT PROJECT
REVIEWS COMPLETED BY DEPARTMENT**

Public Social Services

CalWORKs Stage 1 Child Care Program

- Children's Home Society of California
- Connections for Children
- Center for Community and Family Services
- Options
- Pathways
- Mexican American Opportunity Foundation
- Drew Child Development Corporation
- Child Care Information Services Contract Review

Cal-Learn Case Management Program

- Foothill Family Service
- AltaMed Health Services

After School Enrichment Program

- Franklin D. Roosevelt Elementary School
- Barton Hill Elementary School
- Daniel Webster Elementary School
- Lydia Jackson Elementary School
- Laurel Elementary School
- Rowan Avenue Elementary School

Community and Senior Services

Workforce Investment Act Program

- Chicana Service Action Center Contract Review
- Door of Hope

AAA Integrated Care Management

- AltaMed Health Services
- Armenian Relief Society
- Antelope Valley Committee on Aging
- Southeast Area Social Services Funding Authority
- Villa Esperanza
- City of Alhambra

Refugee Immigrant Training and Employment Program

- RITE Contract Monitoring Status Report
- International Institute of Los Angeles
- Community Based Education and Development College
- Los Angeles Unified School District
- Catholic Charities
- Armenian Relief Society
- Community Rehabilitation Industries

Mental Health

Early and Period Screening, Diagnosis and Treatment

- The Almanson Center
- Penny Lane
- The Help Group
- Child and Family Guidance Center
- Aviva Family and Children's Services
- Star View Adolescent Center

Children and Family Services

Foster Family Agencies

- Wilene's Children and Village
- Walden Family Services
- South Bay Bright Future
- Excel Family Intervention
- McKinley Children's Center
- Florence Crittenton Center
- Southern California Foster Family & Adoption
- Five Acres
- David and Margaret
- United Care

Probation Department

Juvenile Justice Crime Prevention Act

- Asian Youth Center

Anti-Gang/County Delinquency Prevention Program

- Helpline
- El Centro Del Pueblo
- African American Male Achievers Network

**CONTRACT MONITORING PILOT PROJECT
SUMMARY OF PROGRAMS FOR FY 2004-05**

Department of Public Social Services

- **CalWORKS Stage 1 Child Care Program** - The CalWORKs Child Care program provides funding for the care of CalWORKs participants' children when the participants are involved in a County approved GAIN activity or work. The program consists of three stages. County welfare departments are responsible for Stage One Child Care. The California Department of Education oversees Stages Two and Three Child Care. In Los Angeles, the County contracts with 13 Alternative Payment Providers (APPs) for Stage One services. These are the same agencies that CDE contracts with for Stages Two and Three. The County contracts with the same agencies to provide for seamless services for CalWORKs participants. The contractors authorize the child care and then make payments to the direct child care providers.

Funding: \$149 million

Funding Source: CalWORKs

Contractors: 13

- **Cal-Learn Case Management Program** – The Cal-Learn Case Management program is a State-mandated program for CalWORKs participants who are under 19 years old, pregnant or parenting, and have not graduated from high school. The program provides assistance to teens in obtaining the educational services necessary to earn a high school diploma and to assist them with health and social services.

Funding: \$21 million

Funding Source: CalWORKs

Contractors: 5

- **After School Enrichment Program** – The After School Enrichment program provides supervised after-school educational, recreational, and cultural programs for CalWORKs children from first to sixth grades whose parents are not aided, exempt or not participating in welfare-to-work activities.

Funding: \$75 million

Funding Source: CalWORKs

Contractors: 27

Department of Community and Senior Services

- **Workforce Investment Act Program (WIA)** – The WIA program consists of four components: Adult, Dislocated Worker, Adult Special Needs and Youth. The Adult, Dislocated Worker and Adult Special Needs programs involve assisting the participants obtain employment or retain their current jobs and increase their earnings. The Youth program involves helping disadvantaged or at-risk youth complete additional education and training and obtain employment.

Funding: \$30 million

Funding Source: Federal Department of Labor

Contractors: 53

- **AAA Integrated Care Management** – The Integrated Care Management program provides services to functionally-impaired adults and older adults, age 18+ to enable them to maintain the optimum level of functioning in the least restrictive setting possible. The services also focus on reducing inappropriate institutionalization and the need for crisis-oriented services for the program participants.

Funding: \$5 million

Funding Source: Older Americans Act Title III, Adult Protective Services, Linkages Program (AB 2800) and Linkages Disabled Parking Violation fees Account (AB764) funds.

Contractors: 25

- **Refugee Immigrant Training and Employment Program (RITE)¹** – The RITE program provides job training to non-English and non-Spanish speaking CalWORKs recipients.

¹ The RITE Program transferred to the Department of Public Social Services midway through FY 2004-05.

Funding: \$8 million

Funding Source: CalWORKs

Contractors: 9

Department of Mental Health

- **Early and Period Screening, Diagnosis and Treatment (EPSDT)** – The EPSDT program provides medically necessary services to full scope Medi-Cal eligible beneficiaries under 21 years of age to correct or ameliorate a physical or mental defect or a condition, even if the service is not included in the State's Medicaid Plan.

Funding: \$331 million

Funding Source: 50% Title XIX Federal Financial Participation (FFP) funds and 50% State funds specifically designated for this program.

Contractors: 113

Department of Children and Family Services

- **The Family Preservation Program (FPP)** – The FPP contractors provide early intervention programs to match the unique needs of children and families. The services take a proactive approach toward the prevention of family conflict that may lead to child abuse and neglect.

Funding: \$25 million

Funding Source: Federal Promoting Safe and Stable Families, State, Los Angeles County

Contractors: 34

- **Foster Family Agencies (FFAs)** – FFAs are contracted to recruit, certify, train, and support foster family homes and to provide treatment and support services for Los Angeles County children placed in these homes.

Funding: \$156 million

Funding Source: Federal AFDC – Foster Care, State and Los Angeles County

Contractors: 72

- **Wrap Around Phase I and II** – The contractors provide intensive family centered services to children and their families for children at risk of being institutionalized due to actual or potential abuse. Wraparounds goal is to ensure child safety and permanence.

Funding: \$22 million

Funding Source: State SB 163, Medi-Cal, Los Angeles County

Contractors: 11

Probation Department

- **Juvenile Justice Crime Prevention Act (JJCPA)** – The contractors provide programs designed to curb crime among high-risk youth and young offenders.

Funding: \$4.3 million

Funding Source: State

Contractors: 29

- **Anti-Gang/County Delinquency Prevention Program** – The contractors provide programs for violence and juvenile delinquent prevention, intervention and suppression services in the community.

Funding: \$2.2 million

Funding Source: Los Angeles County

Contractors: 103



J TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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PHONE: (213) 974-8301 FAX: (213) 626-5427

May 12, 2005

TO: David B. Sanders, PhD., Director
Department of Children and Family Services

Bryce Yokomizo, Director
Department of Public Social Services

Marvin J. Southard, Director
Department of Mental Health

Cynthia D. Banks, Interim Director
Department of Community and Senior Services

FROM: J. Tyler McCauley *tm*
Auditor-Controller

SUBJECT: CONTRACT MONITORING CLIENT SATISFACTION SURVEY

In June 2004, the Board instructed the Auditor-Controller, along with the Chief Administrative Office and the County departments participating in the Contract Monitoring Pilot Project to report back on the accomplishments and the needs for improvement in the contract monitoring project. We plan to report to the Board on the status of the monitoring project in June 2005.

In response to the Board's instruction, we developed the attached survey for participating departments to complete. The survey will assist us in evaluating the project.

Please have your designated representative complete the attached survey by June 3, 2005. The completed surveys should be e-mailed to me at TMCCauley@auditor.co.la.ca.us or DChadwick@auditor.co.la.ca.us. You may also fax it or mail it to Don Chadwick, Contract Monitoring Division, 1000 S Fremont Ave, Unit 51, Alhambra, CA 91803-4737, Fax Number (626) 943-1295.

If you have any questions, please call me or have your staff contact Don Chadwick at (626) 293-1102.

JTM:MO:DC
Attachment

c: Angela Carter, Department of Children and Family Services
Susan Kerr, Department of Mental Health
Ida Rivera, Department of Public Social Services
Jackie Lynn Sakane, Department of Community and Senior Services
Rene Phillips, Chief Administrative Office

Department: _____

Department Head Signature: _____

Name of Department Contact: _____ Phone: _____

Thank you for taking a few minutes to complete this 11-questions survey. The information you provide will help us to evaluate the Auditor-Controller's (A-C) contract monitoring services. Please assess our level of service over the past year by placing an "X" in the applicable box (5 being excellent and 1 poor). The survey should be e-mailed by June 3, 2005 to Tyler McCauley at TMCCauley@auditor.co.la.ca.us or DChadwick@auditor.co.la.ca.us. You may also fax it or mail it to Don Chadwick, Contract Monitoring Division, 1000 S Fremont Ave, Unit 51, Alhambra, CA 91803-4737, Fax Number (626) 943-1295. For questions, please call Don Chadwick at (626) 293-1102.

	1	2	3	4	5	N/A
1. The A-C contract monitoring staff adequately explained their efforts to assist your Department.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The A-C contract monitoring staff kept you informed of their monitoring results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The A-C contract monitoring staff responded to calls/emails in a timely manner.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The A-C contract monitoring staff interacted well with your department.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. When your department requested support, the A-C contract monitoring staff provided clear and helpful contract monitoring guidance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The A-C contract monitoring staff provided relevant training to your staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The A-C contract monitoring staff recommended changes to your department existing contracts which improved contract wording and ensured program outcomes are clearly stated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	1	2	3	4	5	N/A
8. The A-C contract monitoring reviews covered relevant areas and addressed the County contract and program requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. From your perspective, the contractors are more aware of the contract requirements as a result of the A-C's contract monitoring efforts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. Please tell us what additional contract monitoring services we could provide to your department.

11. Please provide us with any other comments including suggestions on how we can improve our contract monitoring services to your department.

Additional Comments:



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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June 17, 2005

TO: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **EXPANSION OF COUNTYWIDE CONTRACT MONITORING PROJECT
TO INCLUDE DEPARTMENT OF HEALTH SERVICES CONTRACTS
(Board Agenda Item #5.4, June 21, 2004)**

In June 2004, your Board directed the Auditor-Controller (A-C) to identify the additional resources needed to expand its Countywide Contract Monitoring Division (Division) to include contracts from the Department of Health Services (DHS) and report back to the Board. This memorandum provides information on the Auditor-Controller's actions related to expanding contract monitoring to include DHS under a pilot project.

Background

We requested that DHS provide us with a current listing of all their contracts by program and their contract monitoring plans including the resources currently used to monitor the contracts and the frequency with which the contracts are required to be monitored.

After several discussions with DHS management and the Audit Committee, it was determined that DHS needed to update their contract database and develop an action plan to address a number of concerns raised by the A-C including the adequacy of contract data. In December 2004, DHS provided the Audit Committee a corrective action plan which included key personnel to work with the A-C to determine what portion of DHS contract monitoring activities could be transferred to the A-C under the pilot project. The plan also proposed how DHS will update and correct contract data.

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Program Selection

In conjunction with DHS, we have selected the Office of AIDS Programs and Policy (OAPP) to be part of the Division's monitoring activity based on the program's significant funding levels and the number of contractors that provide direct program services. The OAPP program receives approximately \$68 million in federal/State and County funding and has approximately 300 different contracts with 89 contractors to provide direct program services.

According to OAPP management, 70 program staff spend approximately 35% of their time conducting **program** monitoring reviews of the 89 contractors. Each contractor is reviewed annually. In addition, eight DHS staff from their Centralized Contract Monitoring Division annually spends approximately 35% of their time conducting **fiscal** monitoring reviews of the OAPP contractors. DHS management indicated that the current staffing level assigned to conduct fiscal monitoring of the OAPP contractors is not sufficient to complete the planned number of fiscal reviews annually. For example, DHS' Centralized Contract Monitoring Division planned to complete 22 on-site fiscal reviews of the OAPP contractors this fiscal year and as of April 2005, 10 fiscal reviews have been partially completed. Consequently, in conjunction with DHS management, we determined that we can better assist DHS at this time by conducting fiscal reviews of the OAPP contractors. In addition, we will provide training and other monitoring support to enhance OAPP's program and fiscal monitoring functions.

Proposed Course of Action

Based on our meetings with DHS management that included managers from the OAPP and DHS' Centralized Contract Monitoring Division, we developed a work plan to enhance DHS' current monitoring efforts of the OAPP contractors. Attached is a listing of the tasks that we plan to complete. We estimate that five additional staff will be needed to complete the work plan. The annual cost of the additional resources will be approximately \$650,000. It should be noted that these funds are not currently allocated in the A-C FY 2005-06 budget.

We recommend that the A-C be directed to expand contract monitoring to include DHS OAPP contracts. In addition, we plan to bill this amount back to DHS, resulting in no additional net County cost to the Auditor-Controller's budget. If your Board approves expanding contract monitoring to include OAPP contracts from DHS, we will work with the CAO and DHS to identify the funding for the positions. In twelve months, in conjunction with DHS, we will evaluate the work plan, scope of services and cost.

Board of Supervisors
June 17, 2005
Page 3

If you have any question, please call me or have your staff call Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Department of Health Services
Thomas L. Garthwaite, M.D., Director and Chief Medical Officer
Fred Leaf, Chief Operating Officer
Violet Varona-Lukens, Executive Officer
Audit Committee
Public Information Office

**Auditor-Controller
Contract Monitoring Division
Department of Health Services- Office of AIDS Policy Programs
Planned Workload**

Fiscal Year 2005-06

- *Evaluate the program and fiscal monitoring instruments used by DHS staff* - The evaluation will include ensuring that all relevant OAPP program and fiscal requirements are monitored and that steps are listed to assist the DHS monitors to sufficiently document areas of non-compliance.
- *Review the contracts* - Review the contracts and provide the Department with written comments to improve contract wording. Specifically, the Auditor will determine if expected program outcomes are clearly stated, measurable statistics are required to be maintained by the contractors and outcome performance can be measured. Overall, the intent is to make sure contractors are held accountable and that the County's expectations of the contractors' performance are clearly stated and measurable.
- *Develop Risk Assessment Guidelines* - Develop Risk Assessment criteria to identify OAPP contractors for monitoring that pose the greatest risk.
- *Monitor selected contractors* - Using the developed Risk Assessment criteria, monitor selected contractors' performance and determine if they are meeting the contract's fiscal requirements.
- *Complete contract fiscal monitoring reviews for the OAPP* - Complete 15 to 20 contract monitoring reviews. This number may increase if resources and/or time permit. Findings will be discussed with the Department and contractors and a final report with recommendations and the contractor's corrective action plan will be issued to the Board of Supervisors.
- *Coordinate with the Department* - Coordinate the Countywide Contract Monitoring Division's (Division) monitoring with the Department's current monitoring of the contractors.
- *Consult with contractor staff* - Consult with contractor staff during the contract monitoring process to obtain their perspectives on improvements in the delivery of program services.
- *Consult with Department staff* - Consult with Department staff to obtain their perspectives on improving the contract monitoring effort, monitoring reviews, training needs, monitoring instruments used by department staff and overall contract monitoring plans.

- *Train Department staff* – Provide training to Department monitoring staff to enhance their monitoring skills consistent with Department protocols.
- *Communicate with the Board* - As necessary, discuss findings and recommendations with Board Offices, County Counsel and CAO.
- *Provide progress reports* - Meet with Department management on a monthly basis to discuss the status of the program and fiscal monitoring process.
- *Assist in the collection process* – Provide the Department with the necessary documentation obtained during the monitoring process to assist in collecting for over billed services.

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